activity surrounding the implementation of 1992 Act rate regulation will likely make that impossible at first. That burden does not mean that the Commission should issue meaningless certifications. If a bona fide challenge is submitted within the 30 day cycle, certification should be delayed until the franchising authority can reply and the Commission can properly address the matter. Any other approach risks squandering the resources of franchising authorities and cable operators in pointless regulatory proceedings.[11/]

If the franchising authority improperly exercises its authority, revocation of certification may be appropriate. But if the rules are sufficiently streamlined, specific, and easily administered, revocation should be infrequent. As a general rule, the Commission should remand the case to an errant franchising authority with instructions how the original error should be corrected. Local authority should be revoked only if the authority has willfully or repeatedly violated Commission regulations.

11/ If the Commission is committed to issuing inital certificiations based solely on the franchising authority's application, it should establish a process where that certification can be subsequently challenged, without placing any additional burden of proof on the cable operator.

c. Regulations Governing Rates of the Basic Service Tier

i. Guiding Principles (¶¶30-33)

CR&B agrees with the premise in the NPRM that balancing competing statutory concerns, goals, and criteria, is the only way to fashion a workable scheme for basic rate regulation.

The Commission should be mindful that Congress expressly instructed it to prescribe regulations that "reduce the administrative burden on subscribers, cable operators, franchising authorities, and the Commission." 47 U.S.C. § 543(b)(2)(A). The statute goes on to recommend the adoption of "formulas or other mechanisms." 47 U.S.C. § 543(b)(2)(B).

The Commission should be particularly wary of relying on the first-identified statutory criterion -- "the rates for cable systems . . . subject to effective competition." 47 U.S.C. § 543(b)(2)(C)(i). While superficially appealing, this criterion is plagued with difficulties. Overbuilds, which create "effective competition," are frequently accompanied by early price wars, with prices plunging down to average variable cost -- the floor beneath which antitrust law begins to presume predatory pricing. Average variable cost covers operating expenses, but provides no recovery of major capital costs or a return on investment.[12/] Such pricing, if compulsory, would be

12/ See, e.g., Policy & Rules Concerning Rates for Dominant Carriers, 66 R.R.2d 372, 483 (1989).

unconstitutional.[13/] Indeed, in measuring prices in "overbuild" markets, the Commission would do well to exclude systems which have not engaged in head-to-head competition for more than five years or are otherwise not operating at a profit. In any event, relying on "effective competition" rates as the sole test for "reasonable" prices would nullify all of the other statutory criteria for basic rate formulation. The only way to make sense of the entire statute is to balance the factors into a sensible whole.

(a) Cable and Telephone Distinguished

The Commission can hardly be faulted for relying on its extensive experience with telephone rate regulation to guide it in this proceeding, but telephone style regulation should not be the Commission's primary tool for regulating cable television. The drawbacks of conventional rate of return regulation are well known and have been accurately summarized by the Commission. Such regulation provides few incentives for efficiency, slows innovation, and imposes high costs of administration on customers and taxpayers.

Nonetheless, some of the assumptions in the NPRM suggest that the Commission is still willing to impose various

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13/ See, e.g., Duquesne Light Co. v. Barasch, 488 U.S. 299, 310 (1988); Permian Basin Area Rate Cases, 390 U.S. 747, 791-92 (1968).

derivatives of telephone ratemaking on cable telvsion. This would be a serious mistake. The underlying financial organization of the cable industry distinguishes it from telephone so thoroughly that even "alternative" forms of telephone regulation would be poor substitutes for a thoughtful benchmarking tailored to the unique attributes of cable.

Cable operators, for example, have historically run their businesses for long term cash flow, growth, and capital appreciation. They have not focussed on the immediate and steady earnings which characterize LECs. For example, a new system typically establishes rates based upon complete buildout and reasonable penetration; it also assumes losses in early years, with recovery of investment and return to investors postponed until later in the life of the system. Cable operators have a reinvestment rate significantly higher than LECs, which cannot be financed out of current regulated rates, and is financed instead through debt. This has significantly benefited current customers.

The "ratebase" of cable is also significantly different from that of telephone. A conventional book value ratebase for a regulated LEC is based on classical analysis of the asset conversion cycle. This is a model which even deregulated industries -- such as real estate -- have long recognized is a poor measure of future earnings or of fair value. Similarly, many cable operators will write-off assets, as will deregulated companies, when a regulated LEC would leave the "stranded investment" in the ratebase for later recovery from ratepayers. Nor does book value properly reflect the going concern value of a fully staffed, trained, and operating cable system. Acquisition prices above book value -- often viewed skeptically in utility ratemaking -- frequently reflects a buyer's prospective upgrade, improvements, and better utilization of the assets, as well as unrealized economies of scale or scope.

Cable's cost of debt is greater than LEC's, and routinely take longer to pay back. Dividends are rare. Studies submitted by other commentators will also demonstrate that cable stocks vary in price with far greater sensitivity to overall stock prices than do LEC's. All of this reflects impartial market evidence that cable is a business subject to longterm risk quite different from LECs.

Even shifting over to "price caps" does not properly account for these genuine differences in the industries. Telephone is a declining cost business with twice as many employees per access line as cable has per subscriber. The incentives available to LECs to become more efficient are largely inapplicable to the cable industry, which is facing increasing costs and regulatory proposals which would require more, not less manpower. LECs also have a long history of cost-based regulation, which provides appropriate starting points for price caps. Cable does not have that regulatory history.

In short, the Commission should not try to force fit cable into a telephone rate model, classical or price cap. It obviously needs to afford operators with a cost of service safety net to prevent confiscation, but the Commission must primarily rely upon a regulatory regime tailored to the special characteristics of cable.

(b) Rate of Return Regulation <u>Should Be a Last Resort</u>

The Commission has correctly concluded that rate of return regulation suffers too many drawbacks to be embraced as the primary tool of rate regulation. Rate of return regulation provides no incentives for efficiency. It focuses a firm's attention on current, steady returns on investment, rather than on long-term growth and it slows innovation -- a particularly troublesome prospect for an industry founded on innovation and relied upon for information and entertainment. Its high costs of administration are ultimately visited upon customers and taxpayers.

Nonetheless, if the FCC assumes regulatory authority over the cable industry, it also assumes a constitutional obligation to assure a fair return. As discussed below, rate of return regulation should remain available as a safety net for individual cases where adherence to mandatory benchmarks would be confiscatory.

ii. Benchmarking (¶¶34-38)

In contrast to rate of return regulation, benchmarks import incentives and efficiencies into the regulatory scheme. Benchmarks set by industry standards (that is, not tied exclusively to a firm's own performance) provide incentives for efficiencies and innovation by permitting the firm to retain the proceeds of cost savings. Yet they do so without the disadvantages of price caps. Benchmarks also are far less expensive to administer, because they dispense with: 1) the need for uniform accounting and depreciation rules; 2) experts skilled in the arcane art of utility ratemaking; and 3) the traumas of full fledged rate cases. To operate effectively, benchmarks must be set sufficiently high to enable the majority of cable systems to operate within a "safe harbor."

The Commission may be reluctant to establish basic service benchmarks that could be used by cable operators with lower prices to justify rapid increases to the benchmark. However, if the basic benchmark is already established at "competitive" levels, there is no reason to deny an operator the right to recover that price. Besides, if an operator has voluntarily kept its rates low in an era of deregulation, there is no reason to believe the operator will suddenly race to the highest permissible rate.

If the Commission seriously considers imposing limits on rate increases, it must at the very least accommodate operators readjusting prices between a subsidized basic price and an optional tier. Thus, any price cap applicable to a basic service increase should not apply to revenue-neutral changes, such as the reconfiguration of an $8 basic and $12 tier into a $10 basic and $10 tier, particularly if such changes are intended to bring the operator within the FCC's benchmarks.

CR&B supports the Commission's efforts to create a benchmark matrix that reflects significant rate differences among different categories of cable systems. We agree with the suggestion in the NPRM that the matrix must, among other things, reflect significant variations in the cost of doing business in different areas of the country. The proposed service price index, while surely well-intentioned, seems unnecessarily complicated. Existing comparative price indices should adequately, if not perfectly, serve this function.

iii. Benchmark Alternatives

(a) Benchmarks Based on Current Rates (¶¶41-43, 46-47)

CR&B believes reliance on the system data gathered through the Commission's current rate survey will likely be the best source for establishing rate benchmarks. The survey data now being collected should be suitable to develop not just a simple national average rate, but a series of rate benchmarks based upon statistically significant differences in system characteristics.

In reviewing this data, the Commission must, as already explained, approach "effective competition" rates with considerable skepticism and discard rates resulting from temporary, and unprofitable price wars. It will be important both to the cable industry and to consumers that the benchmark approach be designed to operate efficiently:

- Any benchmarks based on the FCC survey must be adjusted immediately to reflect the additional costs (particularly retransmission consent costs) imposed on cable operators as a result of the 1992 Act. These costs will not be reflected in the September 1992 data.

- To minimize disruption, the Commission should allow a greater rate deviation from established benchmarks during an initial one-year interim period. This will allow all parties involved to gain experience with the new regulatory standards on a more gradual basis.

(b) Benchmarks Based on Past Regulated Rates (¶¶44-45)

The Commission should abandon its proposal to establish rates by looking back to "regulated" 1986 rates and "adjusting" those rates forward. The 1984 Act was premised on the need to free cable from artificial and unhealthy rate restraints. It makes little sense for the Commission to rely now on a rate level Congress previously rejected. Many systems have been acquired, upgraded, rebuilt, or integrated with adjacent systems in the intervening years. A tremendous investment has been made in system infrastructure and operations during that period. We know of no mechanism to adjust each system fairly and individually, based upon its own expenditures and investment record, without plunging back into the rate of return miasma that the Commission has rightly avoided.[14/]

(c) Cost of Service Benchmark (¶48)

We have previously discussed the shortcomings of applying cost of service regulation to cable. See Section A.C.i, supra.

14/ CR&B would agree, however, that if an operator can show that its current per channel charge is no higher than its regulated per channel charge in 1986 (when adjusted for inflation), the current rate should be presumed reasonable.

(d) Price Cap Benchmark (¶¶49-52)

We have previously discussed the shortcomings of applying price cap regulation to cable. See A.C.i, supra.

(iv) Individual System Cost Based Alternatives (¶¶53-61)

CR&B strongly opposes use of any individualized, cost based approach as the primary tool for basic rate regulation. The purportedly simpler "direct costs of signals plus nominal contribution to joint and common costs" approach advanced in the NPRM is plagued by most of the administrative problems surrounding full blown "cost of service" regulation, and also introduces a host of additional distortions and problems.

We have previously explained that cost of service regulation would poorly serve the goals of the 1992 Act, but must be preserved for individual systems as a safety net against confiscation. Even in this limited role, cost of service regulation could be an administrative disaster unless the Commission provides clear guidelines to local franchising authorities. The Commission should, for example, clarify that cable operators should be permitted (but not required) to cost-average across community borders where consistent with established accounting records. While some costs can be segregated out by franchise (such as special franchise assessments and taxes), an operator should be given the flexibility to adapt its rate case to available accounting units.

The Commission should also adopt rules ensuring cable's full recovery of acquisition costs and debt costs (which present very different circumstances than traditional regulated utilities). It should also establish a guaranteed minimum rate of return that includes an adjustment for systems that failed to earn that return in the past in expectation of future recovery.

d. Regulation of Rates for Equipment (¶¶62-71)

The 1992 Cable Act establishes different schemes for regulating cable equipment depending on the purpose for which the equipment is used. Section 623(b) requires that the "installation and lease of equipment used by subscribers to receive the basic service tier" should be regulated "on the basis of actual cost." In contrast, Sections 623(l)(2) and 623(c) provide that equipment used to receive "cable programming services" should be regulated based on the more lenient scheme adopted for that service level. Indeed, Section 623(l)(2) expressly includes in the definition of "cable programing services" the "installation or rental of equipment used for the receipt of such video programming."

The same equipment may, of course, be used by both "basic" and "tier" subscribers. But the statute expressed a special interest in the first class of subscriber. Congress was obviously concerned that low-cost basic service not be inflated by related equipment costs. Accordingly, the Commission should establish different regulatory schemes for cable equipment depending on the nature of the cable subscriber using the equipment.

CR&B concedes that the proposed distinction could theoretically lead to different subscribers paying different amounts for the precise same equipment. As a practical matter, most cable operators will probably avoid that result. Whether that happens or not, however, should not trouble the Commission. The statute plainly reflects congressional determination that "basic" regulation be more severe than "tier" regulation.[15/]

The Commission should be careful, whether it is establishing regulations governing basic equipment or tier equipment, that it not inadvertently curtail the development and marketing of technologically advanced equipment. Even "actual cost" regulation must allow for full cost recovery (including indirect and overhead costs and a return on capital.) Rather than relying on an elaborate accounting analysis, the Commission should consider equipment prices charged by systems facing effective competition or prices charged by retail outlets.

15/ Because pay and pay-for-view channels are left unregulated, it follows that the equipment used for receipt of those channels is also left unregulated. The reference in Section 623(b)(3)(A) to regulation of equipment used by basic subscribers to receive pay services must be construed as nothing more than an attempt to block possible evasions of the Act's buy-through prohibition.

The Commission should also recognize that for marketing reasons, some operators may chose to shift cost recovery between service and equipment charges. Operators who charge monthly service rates below established benchmarks should be allowed to exceed equipment benchmarks by an off-setting amount, and vice versa.

If the Commission insists upon unbundling equipment and additional outlets, it should clarify that operators may still market optional maintenance support in conjunction with the unbundled features. Cable operators have particular obligations to contain signal leakage, and, like LECs, should be free to market equipment and home wiring maintenance privileges, so long as all options are clearly disclosed. _See_ H.R. Rep. at 119; S. Rep. 23. Such services are fully competitive and thus, effectively regulated by marketplace forces.

e. _Costs of Franchise Requirements_ (¶¶72-73)

The Commission rightly concludes that Sections 622(c)(2) and 623(b)(4) permit the identification of franchise costs on a separate line item on subscriber bills. This helps to assure local political accountability for the imposition of such costs. _See_ Section A.5.f, _infra_. To accomplish this objective, costs attributable to franchise requirements must also include the costs of required local origination, I-Nets, and other services demanded by municipalities. Access costs should include capital (studios, equipment and bandwidth), as well as personnel and other operating expenses. Franchise fees should include renewal possessing charges, consultant fees, and other related assessments, regardless whether the local franchising authority applies such costs against the Cable Act's five percent franchise fee ceiling.

f. Customer Changes (¶¶74-78)

Section 623(b)(5)(C) instructs the Commission to preclude "unreasonable charges for changes in the subscriber's selection of services or equipment." It then defines a "reasonable" charge as one based on the "cost" of implementing the service change, and suggests the charge should be "nominal" in the case of fully addressable systems.

The Commission must understand that Congress fashioned this provision out of concern that price "disincentives" were being imposed by cable operators to "discourage" downgrades. See H.R. Rep. at 84. Although the statute focuses on immediate operational costs, Congress had no intention of denying operators full recovery of related investment and overhead expenses. If, for example, a cable operator wishes to recover some of the equipment costs related to addressable technology through change-of-service charges (rather than entirely through equipment charges), it should be allowed to do so. Such flexibility will serve Congress' goal of encouraging the employment of addressable technology.

Neither subscribers nor operators benefit by pushing "change-of-service" charges down so low as to promote incessant and senseless churn. To the contrary, extensive churn increases costs and complicates business planning.

g. Implementation and Enforcement (¶¶79-89)

As recognized in the NPRM, without "expeditious resolution" of rate matters, protracted proceedings and concomitant uncertainty will injure an operator's ability to serve the community.

CR&B supports the Commission's suggestion that cable operators be allowed to unilaterally implement rate increases, with 30 days prior notice to franchising authorities and subscribers.[16/] As the NPRM notes, this statutory 30 day advance notice period may not be adequate for franchising authorities "to render an informed and judicious rate determination." But the notice period does afford the franchising authority the opportunity to communicate an initial reaction and for the cable operator to reconsider its plans. If the proposed rate falls beneath

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16/ CR&B supports the Commission's suggestion that cable operators provide subscribers with "approximately" 30 days advance notice of a pending rate increase. The Commission is to be applauded for recognizing that many cable operators today use a billing cycle through which mailings to subscribers are spread over a period of time. CR&B agrees that subscriber notice requirements should generally apply to the cycle "closest" to the specified date, rather than requiring that all notices be distributed prior to that date.

the Commission's established benchmark, there is little for the franchising authority to do -- the rate is literally protected and rate review preempted. If the proposed rate exceeds the benchmark, its implementation will be subject to refund. Allowing operators to implement an announced rate increase, subject to refund, would facilitate the rapid introduction of new services.[17/] The concern expressed in the NPRM that this approach might inadequately protect consumers from "potentially unreasonable rate increases" is ill-founded. Cable operators are unlikely to implement any rate change they fear has a strong likelihood of requiring subsequent refunds.

To the extent an operator seeks to exceed applicable benchmarks, franchising authorities should be afforded an additional 60 days to issue a final ruling on the requested rate. If the authority is unable to reach an adverse ruling in that time frame, the rates at issue should be deemed reasonable. The entire 90 day period would run from the date the franchising authority is notified of the rate increase. Even if a community had not previously been certified, this would afford adequate

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17/ To avoid any possible confusion, the FCC should make clear that, pursuant to Section 623(a), the 30 day notice period provided in the 1992 Act preempts any longer requirements included in particular franchise agreements.

Given the 1992 Act's grant of immunity to franchising authorities, it is imperative that rate increases be allowed to go into effect prior to local approval.

time to secure FCC certification and to conclude a rate review.[18/]

For the rate review period to be productive, the Commission should require that franchising authorities afford cable operators a meaningful opportunity to present an affirmative case. Franchising authorities must be able to secure relevant financial data, but should be barred from requiring production of any information that identifies individual employee salaries, terms and conditions of contracts with particular third party vendors, and other proprietary information. Aggregated data should satisfy regulatory needs.

As noted above, the Commission should establish certain rate criteria applicable to all local cost-of-service regulation. See Section A.1.c.iv, *supra*. We support the Commission's proposal that franchising authorities denying a rate increase must issue a written decision explaining their reasoning under applicable FCC criteria.

A franchising authority should not be allowed to designate a new rate. Such ratemaking power is not established in the Act, and consumers will be adequately protected with denials of

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18/ In the case of existing rates exceeding the initial benchmark figures, franchising authorities should have 90 days from the date the new rules go into effect to conclude their rate review.

increases and/or negotiated resubmittals or settlements, as is customary at PSCs. In no circumstance should an operator be under any obligation to continue offering a particular service package at the price designated by the franchising authority. The operator should be free to restructure or withdraw the offering.

The NPRM also asks what type of enforcement tools are available to local franchising authorities. Given the novelty of the new regulatory regime, the Commission should strictly prohibit franchising authorities from imposing punitive sanctions. In fact, the Commission should clarify that an operator has not violated the 1992 Act, Commission regulations, or the terms of any franchise, merely by implementing a rate level above that ultimately permitted. Cable operators should not be required to risk a franchise revocation or non-renewal, or even penalty fees, for seeking higher rates. Refund orders, ultimately enforceable through the FCC and the courts, should adequately protect cable subscribers, without making every rate increase a "bet the system" proposition.

The NPRM asks whether local courts, rather than the Commission, might be the appropriate forum for appeals of local rate decisions. The answer is no. The statute expressly requires the Commission to hear such appeals. Section 623(a)(5) provides, "Upon petition by a cable operator or other interested party, the Commission shall review the regulation of cable system rates by a franchising authority . . . [and] grant appropriate relief." The courts can review the Commission's decision in this rulemaking and in subsequent implementation cases, but they are not expertly equipped to directly review a franchising authority's compliance with the Commission's rate regulation standards.

The Commission concludes this section of the NPRM by addressing subscriber notification requirements. The issue evidently stems from a concern that cable operators may fail to properly promote the availability of their "no frills" basic service. Providing initial written notice to all existing subscribers within 90 days or three billing cycles (from the effective date of the rules) is generally reasonable, but operators who demonstrate that existing subscribers have been notified within the previous 12 months should not be required to renotify existing customers. Ninety (90) days is also a reasonable date by which operators should provide written notice to all new subscribers. But the suggestion that "any sales information" at or prior to installation recite the availability of basic service is inappropriate. Some of that information originates from third parties (particularly from pay services, such as HBO, Showtime, and local sports channels) and is beyond the operator's control. In any event, operators should have the freedom to selectively promote certain services and program packages, without describing every service offering. The only requirement should be that the subscriber ultimately be notified of the availability of basic service. The Commission should refrain from dictating the specific content or form of that notification. The only requirement need be that the notice identify the availability of basic service and describe that service.

4. Regulation of Cable Programming Services

a. Regulations Governing Rates (¶¶90-96)

CR&B fears that the Commission may not properly appreciate the intended difference between regulation of cable programming (or "tier") services and regulation of basic service. Congress' intent is, in fact, quite clear. Tier regulation is to be strictly limited to extreme cases. In introducing the bill, Rep. Markey explained tier regulation was designed "to rein in . . . renegades." 138 Cong. Rec. E789 (March 6, 1991). Sen. Inouye and Mr. Dingell each referred to the provisions as the "bad actor" regulations, for "case-by-case" complaints against "cable operators who are engaged in persistent and continous misbehavior." 138 Cong. Rec. H 6522 (July 23, 1992) (Dingell); S 14224 (Sep. 21, 1992) (Inouye). Others repeated the characterization.[19/] The legislative history further suggests that

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19/ E.g., 138 Cong. Rec. H 6587 (July 23, 1992) (Lehman) ("rein in those few bad apples that treaten to ruin it for the majority of good ones"); H 6556 (July 23, 1992) (Tauzin) ("bad actor"). The House Committee specifically found that "a minority of cable operators" had abused deregulation, H.R. Rep. 33, and Mr. Dingell reported out of conference

[Footnote cont'd.]

satellite tier revenue could be used to subsidize basic, which would be impossible if both service levels were subject to the same regulatory standards.[20/]

The appropriate mechanism to discipline abusive pricing of cable programming services is to limit the applicability of tier rate regulation to the abusers. CR&B supports the Commission's tentative conclusion to rely primarily on benchmark regulations to accomplish that end. The benchmarks adopted must be set so that only extreme rate situations are subjected to extensive regulatory review.

The NPRM asks how the Commission's regulation should balance "basic" and "non-basic" rates. CR&B opposes the suggestion that the "direct costs of signals plus nominal contribution to joint and commission costs" approach be adopted as a regulatory requirement. Some operators may, however, wish to price basic service at "lifeline" levels and recover costs disproportionately from tiers. That is an approach which may have societal benefits; and which is encouraged by portions of the

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[Footnote cont'd.]

that the Committee had rejected the Senate approach and elected not to extend comprehensive basic service regulation to the more popular tiers of satellite cable networks. 138 Cong. Rep. S 14224 (Sep. 21, 1992).

20/ Pay penetration is declining, and cannot realistically be looked to as a source of meaningful subsidy.

legislative history. For the approach to succeed, it is imperative that an operator's satellite tier price be evaluated in combination with its price for basic service. Such an approach is suggested in Section 623(c)(2)(D), and should be embraced by the Commission.

The NPRM also asks how the Commission should treat regulation of a la carte services that are also offered on a "package" or "tier" basis. The answer is quite simple -- the Commission should refrain from regulating these offerings. It is quite common for cable operators to offer substantial discounts to encourage both initial and expanded cable subscribership. There is nothing unique about the cable industry in this regard. Indeed, discount packaging is a time-honored marketing technique to allow subscribers to benefit from certain economies of operation and to encourage overall consumption. (We have provided examples of the consumer benefits in our January 13 Comments in MM Docket 92-262.)

The 1992 Act clearly exempts from rate regulation, "video programming offered on a per channel or per program basis." 47 U.S.C. § 543(1)(2)(B). The exemption "demonstrate[s] the Committee's belief that greater unbundling of offerings leads to more subscriber choice and greater competition among program services." S. Rep. at 77. Operators should not lose the benefit of the exemption merely by extending discounts to customers of packages of a la carte offerings.

The Commission should address this issue in terms of its overall statutory responsibility to preempt rate "evasions." See 47 U.S.C. § 543(h). It should intercede only upon a showing that the a la carte offering is not a bona fide option. This does not mean, however, that every time a substantial package discount is available, the a la carte offering should be rejected as a sham. The Commission must establish a high threshold for finding a rate "evasion" or it will quickly find itself in the untenable position of second-guessing every operator's marketing strategy.

b. Complaint Procedures; Rate Reduction and Refund Procedures for Rates Found to be Unreasonable (¶¶97-110)

Section 623(c)(1)(B) instructs the Commission to establish "fair and expeditious procedures for the receipt, consideration, and resolution of complaints from any subscriber, franchising authority, or other relevant . . . entity." As already explained, the Commission should accomplish that end by adopting benchmark regulations, with sufficient latitude to accommodate reasonable pricing deviations. This streamlined approach will benefit consumers, as well as Commission staff and cable operators.

To minimize initial processing burdens, the Commission should require that each complainant submit a simple, standardized form, akin to the certification form submitted by franchising authorities. If a complaint is submitted initially in some other fashion, the Commission should promptly return it, along with a blank form and accompanying instructions. The complaint form itself should, of course, be served on the local cable operator.

The Commission's complaint form should seek only essential information, such as the system and community involved, the services provided, the rates charged, which rate standard is violated, evidence that the complainant is a subscriber (e.g., copy of most recent cable bill), when the complainant was advised of the contested rates, and whether the complainant has previously filed a complaint. Most importantly, the complainant should certify that 15 days prior notice was provided to the cable operator. This simple requirement will facilitate communications and likely eliminate a large percentage of frivolous complaints.

We agree with the suggestion that (after the initial 180 day implementation period is concluded) a complaint must be filed within 30 days of the operator providing notice of a rate increase. This period should provide ample time for the complainant to secure and complete the necessary form, and still protect the operator from the uncertainty of "stale" complaints.

Once a complaint form is submitted, the Commission should promptly investigate the contested rates. If additional information is necessary, the Commission should require a prompt